

Revenue Summary

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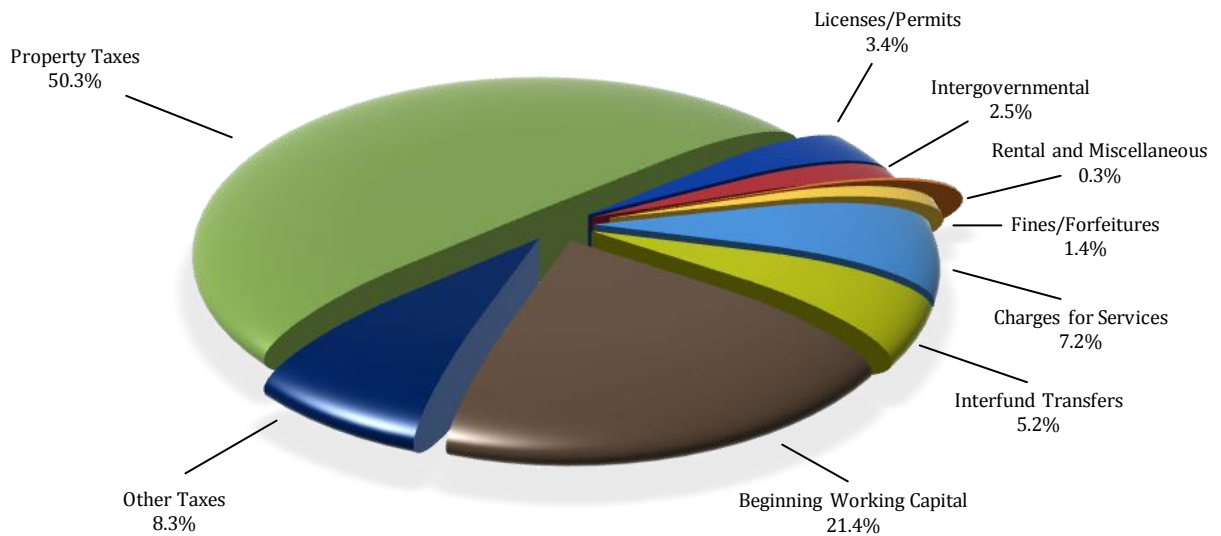
Revenue Summary

Resources/Requirements Summary

ALL FUNDS

	Resources	Requirements		
		Department Operating	Capital Projects	Non-Departmental
General Fund	\$182,654,304	\$139,171,040	\$0	\$43,483,264
Special Revenue Funds				
Community Development	14,965,574	2,372,481	1,582,134	11,010,959
Construction and Rental Housing	13,580,417	7,277,566	0	6,302,851
Library, Parks and Recreation	4,687,107	367,000	1,234,442	3,085,665
Public Safety Communications	4,488,001	2,785,303	0	1,702,698
Road	15,149,530	13,345,508	0	1,804,022
Solid Waste and Recycling	1,451,669	820,644	0	631,025
Special Assessment Management	1,346,323	130,758	0	1,215,565
Telecom Registration/Licensing	7,628,605	2,710,592	169,850	4,748,163
Debt Service Funds				
General Obligation Debt Service	14,318,963	0	0	14,318,963
Special Assessment Bond Debt	787,755	0	0	787,755
Capital Projects Funds				
General Capital Projects	27,739,200	20,000	26,447,051	1,272,149
Special Assessments Capital Projects	1,618,490	0	0	1,618,490
Systems Development Capital Projects	23,669,910	522,181	8,661,107	14,486,622
Transportation Capital Projects	22,723,877	0	22,339,747	384,130
Enterprise Funds				
Ambulance Transport	7,706,583	6,772,184	0	934,399
Municipal Airport	36,665,968	8,493,121	19,893,550	8,279,297
Parking Services	6,357,606	4,682,286	84,801	1,590,519
Stormwater Utility	25,077,730	14,931,061	7,331,121	2,815,548
Wastewater Utility	60,140,302	26,031,442	5,190,189	28,918,671
Internal Service Funds				
Facilities Services	13,424,727	9,626,914	515,476	3,282,337
Fleet Services	24,426,727	11,859,377	0	12,567,350
Information Systems and Services	14,982,289	13,297,203	0	1,685,086
Professional Services	10,271,738	6,177,049	0	4,094,689
Risk and Benefits	50,716,568	35,313,131	0	15,403,437
Total	\$586,579,963	\$306,706,841	\$93,449,468	\$186,423,654

Total General Fund Resources — \$182.7 Million All Subfunds



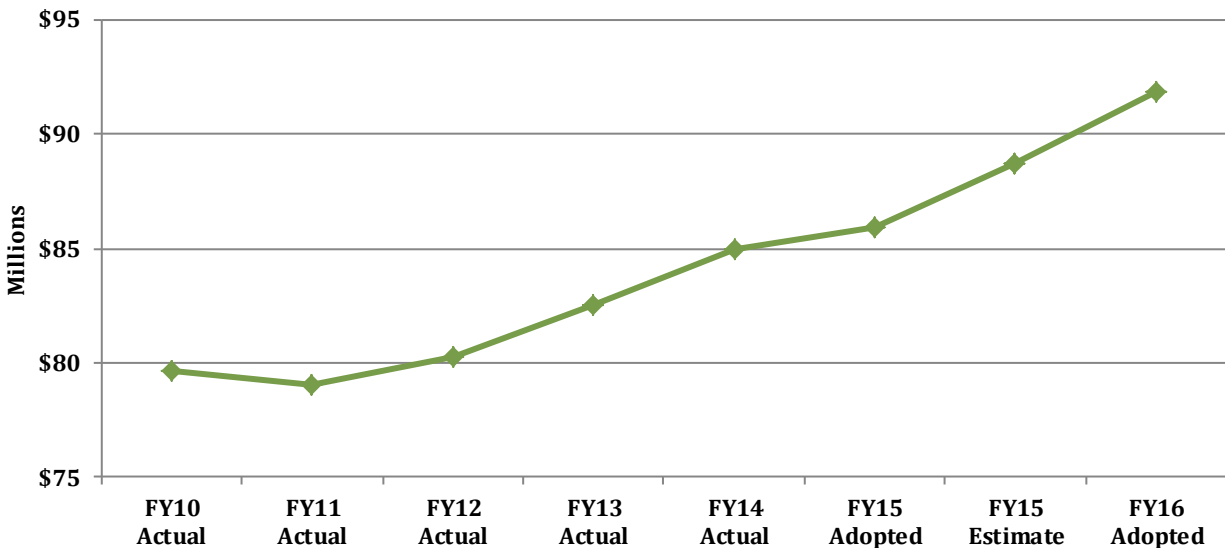
General Fund

	FY15 Adopted	FY16 Adopted	\$ Change	% Change
Taxes				
Property Taxes	\$85,944,000	\$91,838,000	\$5,894,000	6.9%
Other Taxes	14,404,500	15,161,000	756,500	5.3%
Subtotal Taxes	100,348,500	106,999,000	6,650,500	6.6%
Licenses/Permits	6,049,250	6,170,000	120,750	2.0%
Intergovernmental	4,150,803	4,560,357	409,554	9.9%
Rental	108,040	127,040	19,000	17.6%
Charges for Services	11,235,781	13,112,253	1,876,472	16.7%
Fines/Forfeitures	2,272,000	2,474,200	202,200	8.9%
Miscellaneous	331,400	477,947	146,547	44.2%
Interfund Transfers	9,654,131	9,519,145	(134,986)	-1.4%
Beginning Working Capital	34,471,236	39,214,362	4,743,126	13.8%
Total Resources	\$168,621,141	\$182,654,304	\$14,033,163	8.3%

Property Taxes

Property taxes are the largest source of revenue in the General Fund, representing 64.0% of the General Fund's annual revenues. The total FY16 estimated property tax collection (current and delinquent taxes) is \$91.8 million.

Property Taxes Revenue - General Fund



Oregon Property Tax Limitation Measure 50, passed by the voters in May 1997, determines the methodology by which properties are assessed and taxed. The City of Eugene has a permanent tax rate of \$7.0058 per \$1,000 of assessed property value. However, the effective tax rate is lower than the permanent rate due to the impact of the Urban Renewal Agency division of tax calculations. Additionally, growth in the assessed value of a property may not exceed 3% from the previous year, unless there are significant improvements to the property. Property tax tables of historical and current levies and rates can be found at the end of this section.

Property taxes are dependent primarily on two factors: total taxable assessed value and property tax collection rate. The FY15 Adopted Budget assumed a 94.3% collection rate (applied against the gross tax levy) and a 2.5% growth in total taxable assessed value. Actual assessed value grew by 4.3% in FY15, returning to pre-recession levels. The FY16 Adopted Budget assumes the same collection rate, 94.3%, and a moderate taxable assessed value growth of 4.0%.

Delinquent property tax payments are projected to increase slightly to \$2.3 million, up from \$2.1 million in the FY15 Adopted Budget.

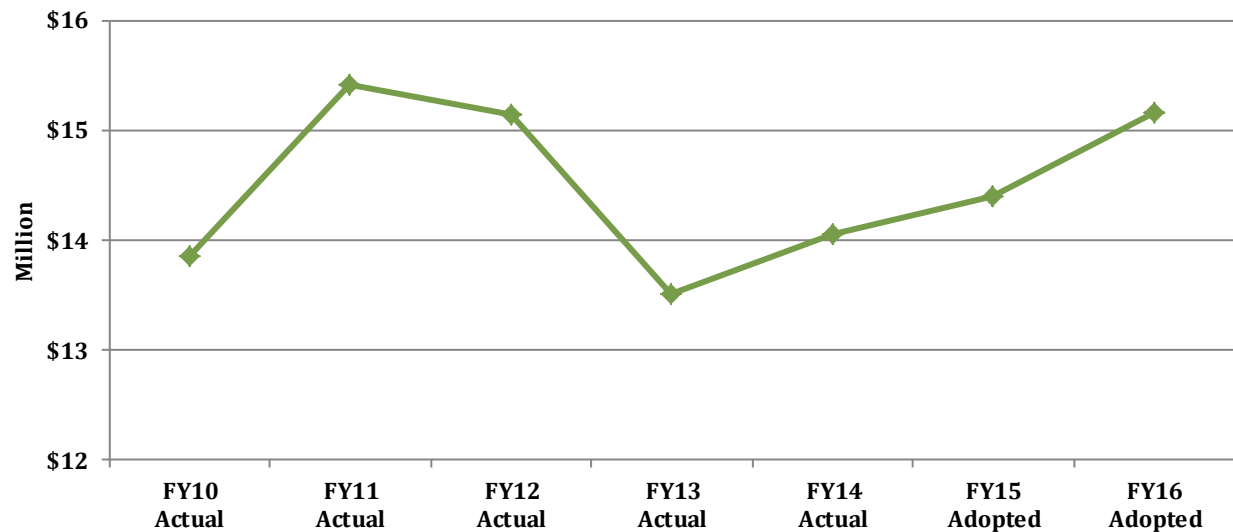
Methodology

The current property tax revenue projection for the upcoming fiscal year is produced by a model that combines a number of qualitative and quantitative components. The model's independent variables include the City's permanent tax levy rate, prior year's certified taxable assessed property value, trends in real market values, application of constitutional property tax limitations, prior years' property tax collection experience, expert opinions of state and local economists regarding employment, inflation and building activity, and experienced judgment of taxpayers' ability to pay given economic conditions and total tax load.

Other Taxes

Other taxes are the second largest category of operating revenue in the General Fund. This revenue category is projected to increase by 5.2% or \$756,000 over the FY15 Adopted Budget.

Other Taxes Revenue - General Fund



The primary revenue source in this category is the Contributions in Lieu of Taxes (CILT) from the Eugene Water & Electric Board (EWEB). EWEB pays the City a CILT on electric utility revenues according to a memorandum of understanding signed in 2014. This agreement can only be changed by mutual consent between the EWEB Board and the Eugene City Council. The FY16 Adopted Budget incorporates the change to the proposed CILT methodology that adds a fixed CILT component in lieu of the CILT charged on wholesale electric sales; this change removes the volatility in wholesale CILT revenues experienced in years prior to FY15. The FY16 Adopted Budget assumes a 3.9% increase in CILT revenues and projects a total of \$13.1 million in CILT revenue to be received from EWEB.

The transient room tax supports the Cultural Services subfund of the General Fund and is a 4.5% room tax collected from any person occupying lodging within Eugene for 30 days or less. For FY16, Eugene's share of the transient room tax is projected to increase 15.2% from the FY15 Adopted Budget to \$2.1 million.

Methodology

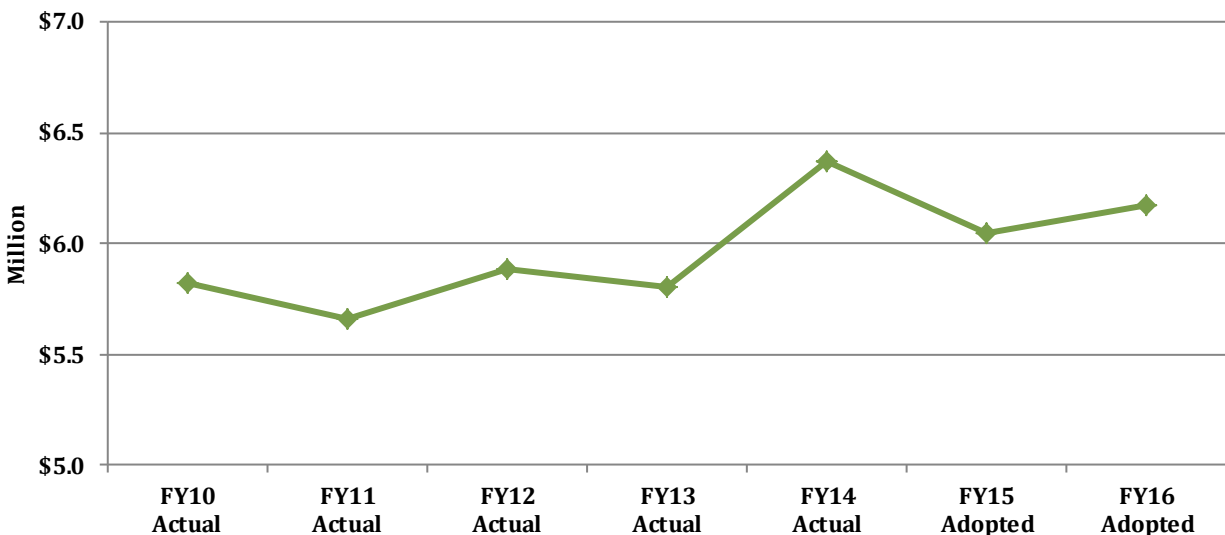
CILT revenues are projected by EWEB using a quantitative/qualitative model based on trends in electricity sales, adjusted for expected retail electricity rate changes, expected change in local industrial demand, and overall community growth. Beginning in FY15, CILT revenues are determined based on a revised methodology that was approved by the City Council and the EWEB Board.

Transient room tax revenue is estimated based on a number of variables, including trends experienced over the last several fiscal years, any large events that have been booked in the immediate area and are likely to attract out-of-town visitors, increases in the number of hotel rooms available, and the overall state of the economy.

Licenses and Permits

License and Permit revenues in the General Fund are projected to reach \$6.2 million, an increase of 2.0% or \$121,000 from the FY15 Adopted Budget. This increase is primarily due to an anticipated higher collection rate of Telecommunication franchise fees compared to the previous fiscal year. Overall, franchise fees account for 94.2% of the revenue in this category and are assessed to companies such as natural gas and telecommunication providers that distribute products and services using the City's right-of-way.

License and Permit Revenue - General Fund



Northwest Natural Gas franchise fees represent 25.1% of the total revenue in the License and Permit category. The FY16 Adopted Budget assumes that Northwest Natural Gas franchise fee revenue will decrease by \$25,000 from the FY15 Adopted Budget to \$1.6 million. Northwest Natural Gas pays a 5% fee on revenue earned from City of Eugene customers for use of its gas distribution system in the City.

Telecommunication franchise fees account for 30.1% of the License and Permit revenue category. The Telecommunications Ordinance #20083 was enacted in 1997, and revenue is directed into the General Fund and the Telecommunications Registration and Licensing (Telecom) special revenue fund. The General Fund receives 7% of gross revenues earned in the city for use of the right-of-way and the Telecom Fund receives revenues from a 2% tax on all telecommunications activity in the City (see Non-General Fund Revenue). This revenue source is projected to increase by 6.3%, or \$110,000 over the FY15 Adopted Budget, to \$1.9 million

Comcast Cable franchise fee revenues account for 33.2% of License and Permit revenue and are estimated to increase by 2.5%, or \$50,000 over the FY15 Adopted Budget, to \$2.1 million.

CenturyLink franchise fee revenue is budgeted at \$350,000 in FY16, which is identical to the FY15 Adopted Budget. This component of franchise fees has been flat-to-declining in recent years due to technological changes in the telecommunications industry, which affect the ways in which these services are delivered, and used by consumers.

Methodology

Franchise fees for use of the City's right-of-way and license and permit revenues are based on a time series trend of the past five years and expected growth rates. Northwest Natural Gas franchise fee is estimated using predicted thermal rates, expected consumption growth, and rate changes.

Intergovernmental Revenues

In FY16, intergovernmental revenue is projected to increase by 9.9%, or approximately \$410,000 over the FY15 Adopted Budget, to \$4.6 million. The primary reason for this increase is the projected growth in state revenue sharing and alcoholic beverage tax revenues. This figure does not include new grants that may be received in the next fiscal year.

State Shared Revenues represent over 99% of the budgeted intergovernmental revenues. These revenues are received as tax distributions from the State of Oregon as governed by the provisions of Oregon Revised Statutes (ORS) 471.810, ORS 221.770, and ORS 323.455. They include liquor taxes distributed to cities on a per capita basis; liquor taxes distributed on a formula basis which compares a city's consolidated property tax rate, per capita income and population against a statewide average (often referred to as State Revenue Sharing); and \$0.02 of the cigarette tax distributed on a per capita basis.

Intergovernmental grant revenues are typically not included in the adopted budget because the exact amounts of future grant revenues are not known during the budget preparation process. Instead, grant revenues and corresponding expenditure increases are recognized via the supplemental budget process, after the grants are awarded and the exact revenue amounts are known.

Methodology

The League of Oregon Cities provides per capita liquor and cigarette revenue estimates. State Revenue Sharing is based on five years of historical data and legislative appropriations, subsequently adjusted up or down based on the State fiscal outlook.

Rental Revenues

General Fund rental revenues are largely generated by fees paid for exclusive use of picnic shelters or other park, recreation, and library facilities. The FY16 budgeted rental revenue is \$127,000, an increase of 17.6%, or \$19,000 over the FY15 Adopted Budget. This increase is attributable to a new lease payment from Core Campus for City property they will use for a parking lot.

Methodology

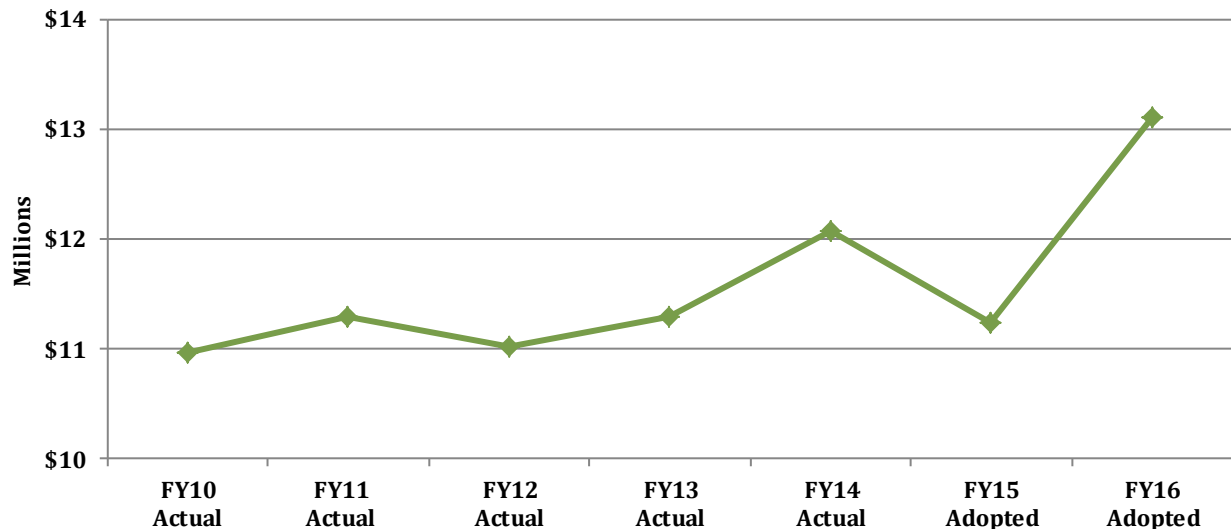
Rental revenue is based on a time-series trend of the past five years and anticipated rental fee increases.

Charges for Services

Charges for Services are the third largest operating revenue category in the General Fund and are projected to total \$13.1 million in FY16, which reflects an increase of \$1.9 million over the FY15 Adopted Budget.

Many activities provided by the City of Eugene charge a user fee to offset some or all of the cost of providing the service. Nearly all of the revenue in this category comes from program operations. Examples are recreation and cultural services, fire dispatching contracts, spay/neuter services, and zoning and vacation charges.

Charges for Services Revenue - General Fund



Charges for Services also include some non-operating revenues. For example, Municipal Court is required to impose and collect a unitary assessment that is distributed to the State and County for cases of conviction for the commission of a crime or violation.

Notable increases include Fire dispatching charges and Police reimbursable overtime. Fire dispatching charges include an additional \$258,000 over FY15 Adopted Budget levels. In FY16, the Police Department has included a budget of \$525,000 for reimbursable officer overtime. This revenue is normally not included in the Adopted Budget and historically was incorporated during the supplemental budget process. The inclusion in the Adopted Budget more accurately reflects the projections for the upcoming fiscal year.

The City is reimbursed for operating expenses in the Riverfront and Downtown Urban Renewal Districts. The FY16 Urban Renewal Agency expense reimbursements are included in this revenue category and are projected to increase by almost \$57,000 over the FY15 Adopted Budget to \$295,000.

Methodology

Charges for Services revenues are based on a time-series trend of the past five years and are adjusted for changes in user fee schedules, inflation, population growth, police staffing levels, land use application activity, court filings and other program-specific variables.

Fines and Forfeitures

Municipal Court generates 80% of Fines and Forfeitures revenue. This revenue category also includes animal control fines, library fines, civil penalties associated with nuisance abatement, and police confiscations and towing charges. For FY16, revenues are expected to increase by 8.9%, or approximately \$202,000, to \$2.5 million. This increase is due primarily to a projected increase of court fines revenue over the previous fiscal year.

Most of the Municipal Court fines revenue for specific offenses fall into a range established by the State of Oregon and defined in the Oregon Revised Statutes (ORS). Fines pertaining to ordinance violations are set by City Council. The judge is given the authority, per Eugene Code 2.755, to establish a bail/base fine schedule within the limit set by the offense and State law. The judge has the discretion to impose a fine based on various factors including severity of the offense and previous offenses.

Methodology

Fines and Forfeiture revenues are based on a time-series trend of the past five years and adjusted for any increase in the fines schedule.

Miscellaneous

Overall revenues in this category are projected to increase by almost \$147,000 from FY15 to FY16, an increase of 44.2%. For budgeting purposes, Finance Division staff estimate that interest rates will average 0.75% in FY16. General Fund interest income is expected to increase from \$140,000 in FY15 to \$289,000 in FY16 due to higher interest rates.

This increase is due primarily to an increase in interest income.

Methodology

Interest earnings are projected based on a combination of expected future interest rates and projected cash balances. Interest rates are expected to trend upward in FY16. As a result, the City's portfolio interest rate is projected to average 0.75% in the next fiscal year. Cash balances in each fund are estimated based on historic trends and any extraordinary activity expected during the year.

Interfund Transfers

Most interfund transfers are payments to the General Fund for central business support services used by other funds. For efficiency purposes, the City budgets central business support services, such as Finance and Human Resources, in the General Fund and then charges other funds for these services. The Central Services Allocation (CSA) is based on a modified version of the approved Federal Cost Allocation Plan. The FY16 CSA that will be charged to all funds is approximately \$7.5 million, which is an increase of 4.3% or \$305,000 over the FY15 Adopted Budget. This increase is primarily due to personnel cost increases which are reflected in the FY16 CSA rates.

The FY16 Adopted Budget also includes other transfers, such as \$450,000 from the Telecommunications Fund to cover a portion of the General Fund telephone costs. The Ambulance

Transport Fund will transfer approximately \$380,000 to the General Fund for reimbursement of dispatch services. The Parking Fund will transfer \$444,000 to the General Fund for support of general operations, and an additional \$807,000 to provide funding for downtown public safety enhancements. The Parking Fund transfer to support general operations was decreased by \$350,000 in FY16, and will again be reduced by another \$350,000 in FY17.

Methodology

The City allocates certain indirect costs incurred by the central services function of the General Fund to General Fund direct programs (Police, Fire, etc.) and Non-General Fund programs to recover expenditures made on behalf of those programs. The methodology for this approach is to allocate the costs of central business functions and department/division administration based on use statistics, and then divide that allocation by personnel costs (direct wages and benefits) for a particular service. The allocation basis is the same for the General Fund and Non-General Funds; General Fund programs do not budget a CSA transfer because their expenses are already accounted for in the General Fund.

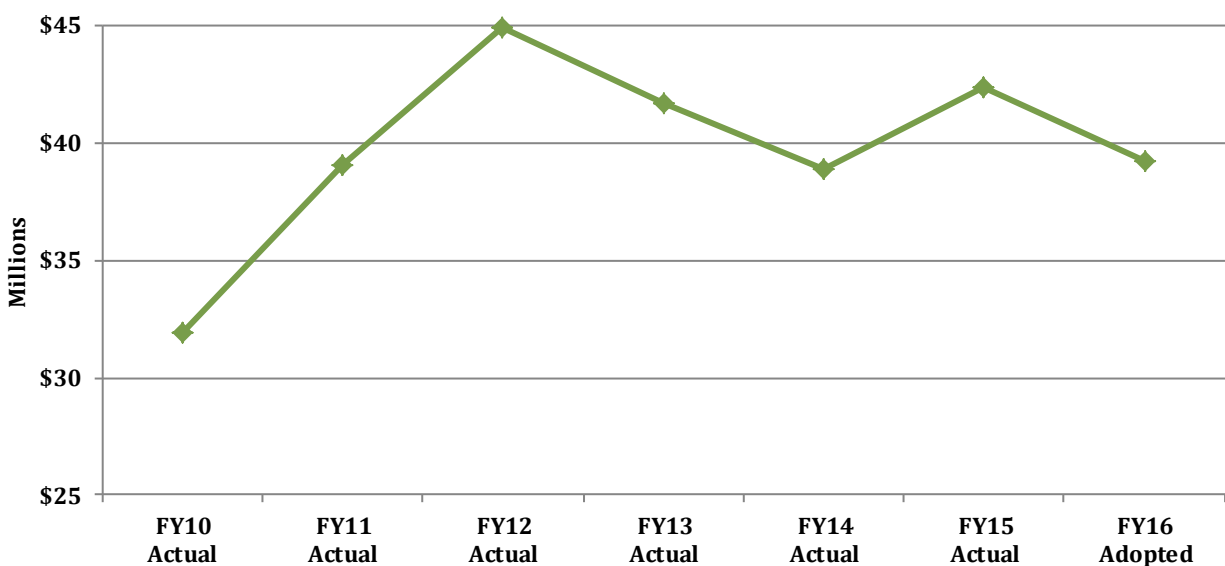
Beginning Working Capital

The total budgeted FY16 Beginning Working Capital (BWC) in the General Fund is \$39.2 million, a decrease of 7.4% or \$3.1 million from the FY15 actual BWC level. Most of this decline is in the main subfund of the General Fund and is a result of using reserves to balance the FY15 budget.

Methodology

The Adopted Budget's Beginning Working Capital estimate is equal to the previous year's ending working capital estimate. This is determined by taking the previous year's audited Beginning Working Capital value and adjusting it up or down based on year-end revenue and expenditure estimates.

Beginning Working Capital - General Fund



Revenue Summary

General Fund Resources Ten-Year Trends

Fiscal Year	Taxes ¹	Licenses and Permits	Inter-governmental	Rental	Charges for Service	Fines and Forfeitures	Misc.	Interfund Transfers	Beginning Working Capital	Total
FY07	\$82,358,844	\$5,950,539	\$6,114,973	\$98,375	\$11,535,349	\$3,407,156	\$2,588,239	\$7,160,060	\$32,840,427	\$152,053,962
FY08	84,020,259	6,320,501	7,672,403	113,493	12,343,536	3,349,616	2,193,356	9,261,887	30,811,226	152,959,045
FY09	89,336,225	6,351,156	4,909,938	101,567	11,862,822	3,063,763	1,154,939	10,378,015	29,939,118	157,097,543
FY10	93,555,106	5,820,404	4,094,217	96,641	10,962,825	2,950,245	828,858	10,688,615	31,959,457	160,956,368
FY11	94,477,143	5,664,386	4,492,415	96,942	11,300,032	2,864,390	791,835	10,957,741	39,066,297	169,711,181
FY12	95,408,813	5,882,739	5,728,876	114,379	11,020,946	2,631,021	653,589	8,966,512	44,902,016	175,308,891
FY13	96,049,499	5,800,117	5,438,925	118,269	11,291,868	2,251,846	1,566,053	9,320,241	41,673,438	173,510,256
FY14	99,063,832	6,827,650	5,072,898	121,745	12,070,614	2,286,976	1,396,136	9,767,993	38,845,192	175,453,036
FY15 - Estimate	103,183,820	5,990,500	5,024,148	106,040	12,225,532	2,570,883	506,501	9,654,131	42,332,747	181,594,302
FY16 - Adopted	106,999,000	6,170,000	4,560,357	127,040	13,112,253	2,474,200	477,947	9,519,145	39,214,362	182,654,304

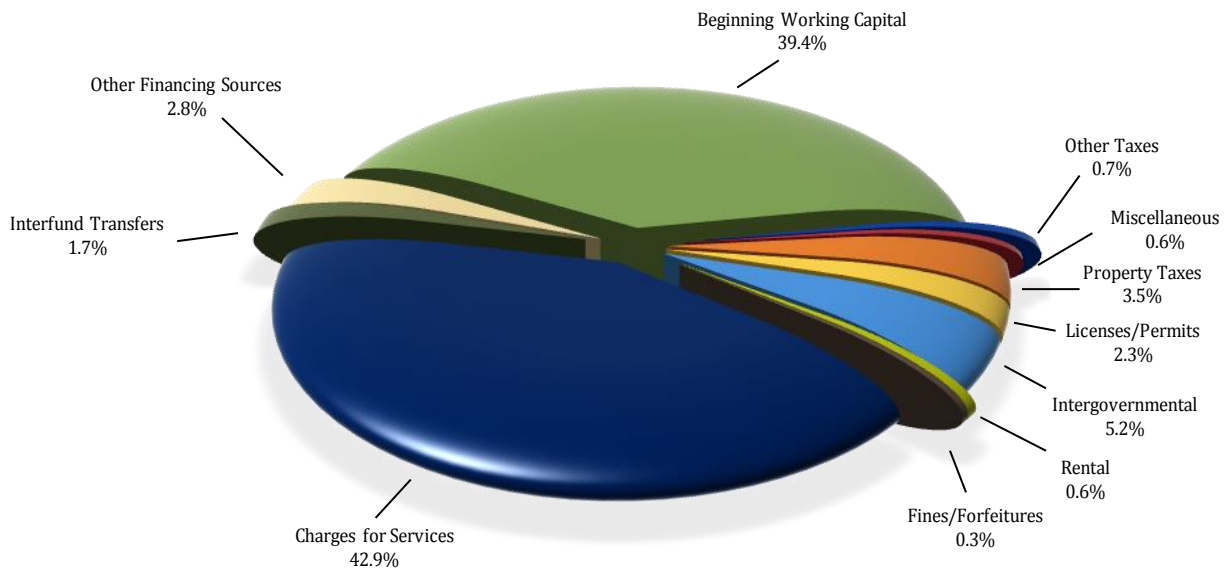
Data Source: City of Eugene, Finance Division.

(1) Includes property taxes, contributions in lieu of tax, and the transient room tax.

Revenue Summary

Non-General Fund Revenue Summary

Total Non-General Fund Resources — \$403.9 Million All Subfunds



Non-General Funds

	FY15 Adopted Budget	FY16 Adopted Budget	\$ Change	% Change
Taxes				
Property Taxes	\$13,645,596	\$14,268,159	\$622,563	4.6%
Other Taxes	2,940,000	2,880,000	(60,000)	-2.0%
Subtotal Taxes	16,585,596	17,148,159	562,563	3.4%
Licenses/Permits	8,964,882	9,304,162	339,280	3.8%
Intergovernmental	18,049,391	20,891,698	2,842,307	15.7%
Rental	4,769,043	2,425,055	(2,343,988)	-49.2%
Charges for Services	159,724,188	173,120,064	13,395,876	8.4%
Fines/Forfeitures	1,021,725	1,393,203	371,478	36.4%
Miscellaneous	3,324,057	2,268,716	(1,055,341)	-31.7%
Interfund Transfers	4,412,368	6,913,126	2,500,758	56.7%
Other Financing Sources	11,111,565	11,446,300	334,735	3.0%
Beginning Working Capital	170,962,435	159,015,176	(11,947,259)	-7.0%
Total Resources	\$398,925,250	\$403,925,659	\$5,000,409	1.3%

Property Taxes

Aside from General Fund services, property taxes support General Obligation bonds. Property tax revenues supporting General Obligation bonds are projected to increase by 4.6% or approximately \$623,000 from the FY15 Adopted Budget level. The property tax collection rate for FY16 is anticipated to be 94.3%. This is a continuation of the same 94.3% collection rate that was projected for FY15.

Voters have authorized the following General Obligation bonds to be repaid with property taxes:

- In November 2012, a five-year street repair bond issue in the amount of \$43 million was approved to fix 76 streets and provide funding for bicycle and pedestrian projects. FY15 was the first year taxes were levied for this purpose.
- In November 2006, \$27.5 million was approved for parks, athletic fields, and open space preservation.
- In May 2002, \$8.7 million was approved for construction of a downtown fire station located at 13th Avenue and Willamette Street.
- In November 1998, \$25.3 million was approved for parks and open space projects.
- In September 1995, \$19 million was approved for construction of the Emergency Services Center located at 2nd Avenue and Chambers Street and other public safety projects.

The estimated tax rate to pay this debt in FY16 is \$1.10 per \$1,000 of taxable assessed value, slightly higher than the debt tax rate of \$1.09 in FY15.

Methodology

The property tax revenue projections for bonds for the upcoming fiscal year are calculated using voter-approved amount of debt service, prior years' property tax collection experience, expert opinions of state and local economists regarding employment, inflation, and experienced judgment of taxpayers' ability to pay given economic conditions and total tax load.

Other Taxes (Motor Vehicle Fuel Tax)

Other tax revenue is derived from the local motor vehicle fuel tax (MVFT). The MVFT is authorized by Eugene City Council Ordinance 20278, which contains provisions for administration, enforcement, and collection of the tax. The MVFT is a business license tax on motor vehicle fuel dealers. In January 2005, the City Council adopted an ordinance increasing the current local motor vehicle fuel tax from the existing \$0.03 per gallon to \$0.05 per gallon. Fuel dealers pay a license tax computed on the basis of \$0.05 per gallon of motor vehicle fuel sold. Payments are made to the State of Oregon tax administrator and are then transferred to the City.

The MVFT ordinance, adopted in January 2005, to increase the local fuel tax from \$0.03 to \$0.05 per gallon contained a sunset provision on the \$0.02 cent increase, which was subsequently repealed by the City Council in July 2009. The FY16 Adopted Budget for MVFT revenue is \$2.9 million, an amount equivalent to the FY15 Adopted Budget level.

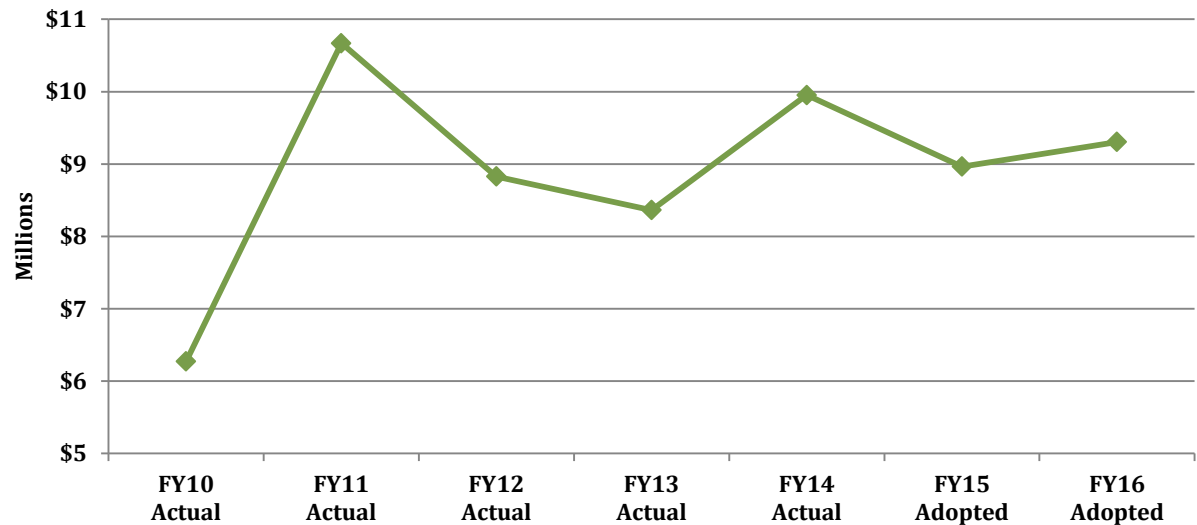
Methodology

The forecast for local motor vehicle fuel tax revenue is based on the historical trends for monthly revenue yield per penny of tax. Over the seven years prior to FY15, the average monthly yield per penny of tax declined from \$56,000 to \$48,000, and reached \$49,000 in FY15. This decline was due to a combination of lower vehicle miles traveled, high fuel prices and greater use of alternative transportation modes, as well as wider use of fuel efficient vehicles. This decline is expected to continue with FY16 projections of average monthly yield per penny of tax at \$48,000, yielding \$2.9 million total for the fiscal year.

Licenses and Permits

Non-General Fund License and Permit revenue is projected to increase by 3.8% or \$339,000 in FY16 compared to the FY15 Adopted Budget. This increase is primarily due to the projected increase in commercial and residential construction activity, which will result in added building permit revenues in the Construction and Rental Housing Fund. The largest components in this category are building permits and telecommunications registration fees.

License and Permit Revenue (Non-General Funds)



Note: One-time increase in FY11 was due to a \$2.5 million back payment from Verizon that included past-due telecommunications fees, penalties and interest.

Construction and Rental Housing Fund license and permit revenue projections for FY16 are based on revenue trends over the last several years and anticipated increases in commercial and residential construction activity. Staff in this service area review site and structural plans, issue construction permits, and inspect construction activities within the City of Eugene and the Urban Growth Boundary. Forecasts are based on State of Oregon economic indicators for new housing starts, current land use applications that could result in developable land (new subdivisions, planned unit developments, etc.), Eugene building permit activity trends, local economic conditions, and project proposal discussions being held in the community and with individual designers and architects. While there has been a significant increase in public sector, commercial and multi-family residential construction, recovery in single-family residential construction remains sluggish. All building permit services are paid through fees assessed to each project. The Construction and Rental Housing Fund represents 38.7% of the Non-General Fund License and Permit revenues.

Telecommunications 2% Registration Fee is essentially a business privilege tax recognized as revenue in the Telecommunications Fund. Telecommunications Ordinance (20083) was enacted in 1997 and revenue was deferred through 2003 until four legal challenges were resolved. The Telecommunications Fund receives 2% as a tax on revenue from all telecommunications activity in the city (see General Fund Revenue Assumptions). The FY16 Adopted Budget assumes that this revenue will increase slightly to \$2.95 million from the FY15 Adopted Budget level of \$2.9 million. This represents 31.7% of the Non-General Fund License and Permit revenues.

Forecast Methodology

Construction permit revenue forecasts are produced by a model that considers past trends in building activity combined with several economic and local development factors. These variables include permit activity level assumptions based on current and proposed land use and economic development data, local supply of buildable land and vacant buildings, and the expert opinions of state and local economists regarding population growth, inflation and building activity.

The revenue stream for the Telecommunications Fund is 2% of registrants' gross revenues derived from their telecommunication activities within the city. Generally, the top ten providers account for approximately 96% of the revenue collected. The forecast is based on a projection of current year revenues collected.

Intergovernmental

Non-General Fund intergovernmental revenues include funds received for any City project or program from federal, state, and local governments. In FY16, intergovernmental revenues are projected to increase by 15.7% from \$18.0 million to \$20.9 million. This increase is due primarily to \$1.4 million in grants received by the Transportation Capital Fund for capital projects.

The Road Fund is the largest recipient of Non-General Fund intergovernmental revenues, accounting for 43.7% of those revenues. Most of this revenue is generated from two sources: the State Highway Fund and Oregon Transportation Investment Act (OTIA) III distributions from the State of Oregon. The forecast for Highway Fund and OTIA III revenue is based on the most recently published growth forecast from the Oregon Department of Transportation, with Eugene's share estimated at approximately 5.8% of the amount allocated to incorporated Oregon cities. The budgeted intergovernmental revenue in FY16 for the Road Fund is anticipated to decrease by 1.9% from the FY15 Adopted Budget level, or approximately \$175,000, due to slightly lower receipt of intergovernmental grants.

The City anticipates receiving approximately \$4.7 million in Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) revenue in FY16 from the U.S. Department of Housing and Urban Development (HUD). The HOME grant is awarded to the City as lead agency, with 30% allocated to the City of Springfield in previous years. The City of Eugene will take over administration of the entire HOME grant and receive all income. Beginning in FY16, and in five year increments thereafter, funds will be allocated over each five year period such that 70% of funds are allocated within Eugene and 30% of funds are allocated within Springfield. Overall intergovernmental revenues in the Community Development fund are up by 19.0%, or \$754,000. The Community Development Fund represents 22.6% of the Non-General Fund intergovernmental revenues.

The Municipal Airport Fund receives Airport Improvement Program (AIP) funds from the Federal Aviation Administration (FAA) for capital improvement projects. The fund also imposes Passenger Facility Charges (PFC) on passengers using the Airport. The proceeds are restricted for use in financing eligible projects. FY16 intergovernmental revenue in this fund is estimated at \$4.5 million and represents 21.7% of all Non-General Fund intergovernmental revenue. FY16 intergovernmental revenues in this fund are up 21.9%, or \$814,000 from the FY15 Adopted Budget level for the Eugene Airport terminal building expansion and the 2016 Master Plan Update.

Forecast Methodology

Intergovernmental revenues are estimated based on existing intergovernmental agreements and state and federal appropriations.

The FY16 Adopted Budget does not include any potential grant revenues that have not been secured yet. Additional grant revenues received in FY16 will be recognized through the supplemental budget process.

Rental

FY16 rental revenues are estimated to be \$2.4 million, which is 49.2% or \$2.3 million lower than the FY15 Adopted Budget level. Various rental revenues from car rental agencies, airlines, advertisers, concessionaires and tenants at the Eugene Airport (Municipal Airport Fund) account for 47.3% of the total rental revenue. Rental space in the downtown parking structures represents another 21.2% of Non-General Fund rental revenue and is accounted for in the Parking Services Fund. The FY16 decrease in this revenue category is due to a change in accounting for revenues at the Eugene Airport. Many revenue streams were re-classified as charges for services which removes an artificially high rental number and an artificially low charges for services number. This change resulted in about \$2.1 million being shifted from the rental category to charges for services.

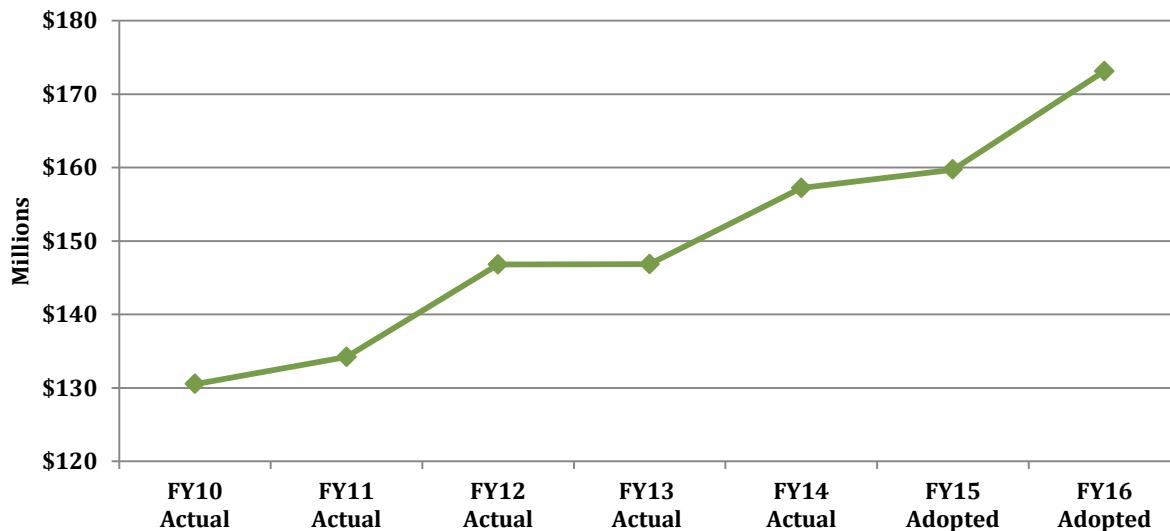
Forecast Methodology

Rental revenue is based on time-series trend of the past several years, adjusted for changes in lease agreements and projected occupancy rates.

Charges for Services

Charges for services is the largest revenue category in the Non-General Funds at \$173.1 million. The FY16 Adopted Budget estimates an 8.4% increase in this revenue over the FY15 Adopted Budget. As noted above, there is an increase in revenue in this category due to a change in accounting for revenues at the Eugene Airport. Many revenue streams were re-classified as charges for services which removes an artificially high rental number and an artificially low charges for services number. This change resulted in about \$2.1 million being shifted from the rental category to charges for services. If these re-classified charges for services are removed, the increase from the FY15 Adopted Budget is 7.1%.

Charges for Services Revenue (Non-General Funds)



The System Development Charges (SDC) Capital Projects Fund revenue is primarily related to construction of capacity-enhancing capital projects. Financing is provided via Systems Development Charges levied against developing properties. The City of Eugene currently has SDC charges for transportation, wastewater, stormwater, and parks systems. The FY16 SDC charges for services are budgeted at \$3.9 million, which is \$940,000, or 31.7%, higher than the FY15 Adopted Budget due to projected increased construction activity. SDC revenue represents 2.3% of all Non-General Fund charges for services.

Wastewater user fees represent the majority of charges for services in the Wastewater Utility Fund, which accounts for wastewater operations, maintenance, and capital improvements for the local collection and regional treatment infrastructure. User fees are based on the use of water by individual customers. The budgeted FY16 wastewater user fee revenue is \$9.4 million in local revenue and \$24.8 million in regional revenue. Total Wastewater Charges for Services represent 31.2% of all Non-General Fund charges for services.

Stormwater user fees represent the majority of charges for services in the Stormwater Utility Fund. User fees are based on a property's relative share of the City's total impervious surface area. The budgeted FY16 stormwater charges for services revenue is \$16.6 million, which represents 9.6% of all Non-General Fund charges for services. Stormwater charges for services revenue is projected to increase by 7.2% in FY16, or approximately \$1.1 million, from the FY15 Adopted Budget level. This increase is primarily due to the Stormwater fee increase necessary to cover normal cost increases.

The Risk and Benefits Fund is an internal service fund which, among other resources, accounts for costs of the City's self-insurance program. The City of Eugene is self-insured for workers' compensation, unemployment compensation, general liability, and employee medical and dental insurance. Actuarial valuations are the basis for recording the claims liability. User charges are based on actual experience or an estimate, depending on the nature of the insurance. This fund also accounts for the City's pension bonds. Charges are collected from each department based on the number of employees and the amount needed to pay the debt service on the pension bonds.

The FY16 charges for services in the Risk and Benefits Fund total \$39.8 million, about 5.2% or \$2 million higher than the FY15 Adopted Budget, and represents 23.0% of all Non-General Fund Charges for Services. This increase is due primarily to the increase in FY16 health insurance premiums paid by both the City and the employee, as well as increases in pension system payments .

The City has four other Internal Service Funds (ISF) that charge other City funds for their services. These funds represent 18.7% of all Non-General Fund charges for services, in addition to the Risk and Benefits Fund discussed above. These funds include Fleet Services, Information Systems and Services, Facilities Services, and Professional Services Funds. As a group, the FY16 charges for services in these four funds will increase by 4.5% or approximately \$1.4 million from the FY15 Adopted Budget level to \$32.4 million. This increase reflects normal increases in the cost of providing the services as well as a conscious decision within the organization to increase internal service fund rates to more sustainable levels rather than relying on drawing down available balances to cover costs.

The Fleet Services Fund accounts for the purchase of vehicles, equipment, and radio infrastructure and corresponding maintenance. Fleet user charges cover vehicle and equipment maintenance expenditures, as well as the purchase of new vehicles and equipment. Radio user charges cover radio equipment maintenance expenses. Total FY16 charges for services in this fund are projected to increase by 2.1%, or \$196,000, from the FY15 Adopted Budget.

The Information Systems and Services Fund accounts for the information system implementation and services provided to other City funds and, to a limited extent, outside agencies for printing services. The fund also allocates resources for the purpose of purchasing and implementing enterprise software applications. FY16 marks the fifth year of implementing a new rate model based on leasing rather than purchasing to replace computer hardware and peripheral equipment. Total expected revenue will fall slightly short of covering operating expenditures, requiring the use of some reserves to balance the fund to continue providing the current level of service. Information Services charges for services are expected to decrease by 0.5% or \$34,000 from the FY15 Adopted Budget.

The Facility Maintenance Fund accounts for general facility operations and maintenance services in City buildings. Activities supported by this fund ensure that City buildings provide a safe, functional and pleasant environment for the public and employees. Facility preservation and maintenance of public building assets reflects sound fiscal policy. FY16 charges for services in this fund are projected to increase by \$941,000, or 11.1%, from the FY15 Adopted Budget level at \$8.5 million.

The Professional Services Fund accounts for the financing, construction, and preservation of capital facilities not financed by proprietary or other capital projects funds. The architectural and project management services are performed by Facilities Management Division staff. This fund has a direct relationship to City capital funds that support building construction projects, primarily the General Capital Projects Fund. FY16 charges for services in this fund are projected to increase by \$305,000, or 5.4%, from the FY15 Adopted Budget level based on anticipated project activity, to a total of \$6.0 million.

Forecast Methodology

Charges for service revenue in SDC, Stormwater, and Wastewater Funds are based on a time series trend of the past five years, adjusted for construction activity, population, rate changes, and projected usage.

Internal Service Fund rates are typically set at the start of the budget building process. Each model incorporates different variables and estimation methods.

- *Facilities Maintenance* rates are based on two components: maintenance services based on building type, intensity of usage, and mix of services provided to the occupying departments; and historic utility usage, as well as projected changes in utility rates.
- *Fleet Services* rates are based on three components: 1) the cost of fuel, operations, insurance, maintenance, and administration calculated using the actual expenditures from the prior fiscal year and 2) projected City and Fleet administration and risk insurance costs for the upcoming year; and 3) the estimated vehicle replacement charges.
- *Professional Services* rates are a flat rate per job classification that recovers the direct cost of that employee's time and a share of the budgeted fund and City wide administration.
- *Risk* rates are based on actuarial projections of the City's loss experience for workers' compensation and liability claims, insurance broker projections of insurance premiums for other lines of coverage, and administrative costs. The City uses a cost allocation methodology which allocates the costs based on experience and exposure. The allocation methodology varies by insurance program and is described in detail in the annual Risk Report, available on the Risk Services website.
- *Health* rates are based on actuarial projections of health insurance claims and administrative costs.
- *Information Systems and Services* rates consist of three components: 1) Monthly rates covering computer hardware, software, and network activities 2) Telephone rates, and 3) Document and Distribution rates which cover printing and production services.

Fines and Forfeitures

Fines and forfeiture revenues in non-General funds are projected to increase \$371,000 from the FY15 Adopted Budget to \$1.4 million, an increase of 36.4%. Parking ticket revenues collected represent 96.2% of this revenue category and are the driver behind the general increase in revenues for the category.

Miscellaneous

Miscellaneous revenue is comprised primarily of interest income. Finance Division staff estimate that the City's portfolio rate will increase to 0.75% in FY16. Miscellaneous revenues are expected to decrease by 31.7% or \$1.1 million from the FY15 Adopted Budget level.

Methodology

Interest earnings are projected based on a combination of expected future interest rates and projected cash balances in each City fund. Interest rates are expected to trend upward in FY16. As a result, the City's portfolio interest rate is projected to average 0.75%. Cash balances in each fund are estimated based on historic trends and any extraordinary activity expected during the year.

Interfund Transfers

Interfund transfers in the Non-General Funds are projected to increase by \$2.5 million from FY15, to \$6.9 million in FY16. This increase is largely attributable to transfers to the Information Systems and Services Fund for the replacement of core business software (\$2.0 million) and transfers from various Public Works funds to the General Capital Projects Fund for the City Hall project.

Other Financing Sources

Other financing sources are transactions such as loans between funds or bonded debt proceeds. The FY16 Adopted Budget for these revenues is 3.0%, or approximately \$335,000, higher than the FY15 Adopted Budget for this revenue category.

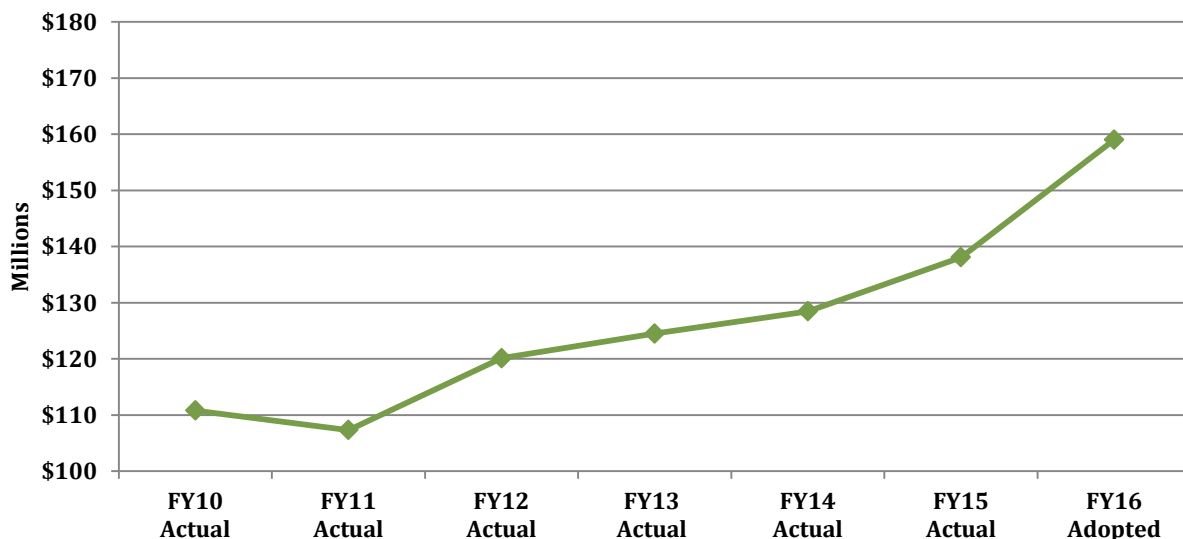
Methodology

Other Financing Sources revenue is primarily determined by anticipated capital project activity in each fiscal year.

Beginning Working Capital

There is a 15.2% or \$20.9 million increase in the Beginning Working Capital (BWC) from the FY15 actual level to the FY16 Adopted Budget. The FY16 increase in BWC indicates that Non-General Fund revenues and carryover balance are projected to exceed expenditures in the preceding fiscal year.

Beginning Working Capital (Non-General Funds)



Methodology

The adopted budget's Beginning Working Capital estimate is equal to the previous year's ending working capital estimate. This is determined by taking the previous year's audited Beginning Working Capital value and adjusting it up or down based on the year-end revenue and expenditure estimates. BWC in the Adopted Budget includes a factor for Reserve for Encumbrances plus Capital Carryover Reserve.

Revenue Summary

Property Tax Rates and Tax Levy

Property Taxes Levied

Property taxes represent the single largest revenue source in the City's budget at just over \$100 million annually. The chart below sets out the projected General Fund and General Obligation bond levies, along with the revenues budgeted as a result.

Actual Current Tax Receipts FY14	Estimated Current Tax Receipts FY15	Current Levy Classification	Gross Levy FY16	Less Discount, Delinquency, and Compression	Budgeted Current Tax Receipts FY16
OPERATING LEVY					
\$82,671,247	\$86,400,000	Property Taxes - Perm. Operating Levy*	\$94,950,159	\$5,412,159	\$89,538,000
DEBT SERVICE LEVY					
13,329,514	13,620,000	General Obligation Bonds	15,098,790	860,631	14,238,159
\$96,000,761	\$100,020,000	GRAND TOTAL PROPERTY TAX	\$110,048,949	\$6,272,790	\$103,776,159

Source: City of Eugene Finance Division

*A permanent tax rate of \$7.0058 per \$1,000 of assessed taxable value is the City's base operating levy. The applied rate may be less due to urban renewal adjustments. FY15 and FY16 amounts are estimates.

Property Tax Collections

The City does not receive 100% of taxes levied for two primary reasons. First, taxpayers can take advantage of an early payment discount of up to 3%. Second, not everyone pays their taxes on time and thus taxes become delinquent. However, even throughout the most recent recession, collection rates have remained strong, as seen below.

Fiscal Year	Total City Tax Levy Imposed	Current Tax Collections	Percent of Levy Collected*	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy
FY07	\$86,591,620	\$82,190,214	94.9%	\$1,905,371	\$84,155,443	97.2%
FY08	83,045,097	78,122,713	94.1%	1,008,182	79,130,895	95.3%
FY09	86,233,674	81,354,720	94.3%	1,934,233	83,288,953	96.6%
FY10	98,139,027	93,616,166	95.4%	2,196,405	95,812,571	97.6%
FY11	98,139,027	92,557,680	94.3%	2,712,680	95,270,361	97.1%
FY12	97,004,407	91,801,363	94.6%	1,654,934	93,456,297	96.3%
FY13	98,930,968	93,319,364	94.3%	2,652,663	95,972,027	97.0%
FY14	101,659,370	96,000,761	94.4%	2,714,108	98,714,869	97.1%
FY15 Estimate	105,675,104	100,020,000	94.6%	2,660,000	102,680,000	97.2%
FY16 Budget	110,048,949	103,776,159	94.3%	2,330,000	106,106,159	96.4%

Source: Lane County Assessment & Taxation for historic information; City of Eugene Finance Division for budget year estimates.

Revenue Summary

Property Tax Rates and Tax Levy

*Collection percentage of total amount levied by the Lane County Tax Assessor. The collection rate takes into account early payment discounts up to 3%, which reduce the expected amount of City tax receipts.

Tax Rate History

City tax rates consist of an operating rate used to pay for General Fund services, plus any bonds or local option levies approved by voters. A 10-year history is shown below.

Fiscal Year	Tax Rates ¹					Total City Tax Levy Imposed ³	Assessed Valuation ⁴
	Operating ²	Library	Youth and School	Debt Service	Total City		
FY07	\$6.90	\$0.48	\$0.86	\$0.36	\$8.60	\$86,591,620	\$10,105,025,458
FY08 ⁵	6.90	0.25		0.55	7.70	83,045,097	10,616,633,066
FY09	6.90	0.24		0.58	7.72	86,233,674	10,994,414,109
FY10 ⁶	6.91	0.23		1.18	8.32	96,751,699	11,466,487,764
FY11	6.90	0.23		1.20	8.33	98,139,027	11,613,161,618
FY12 ⁷	6.90			1.14	8.04	97,004,407	11,884,137,444
FY13	6.90			1.12	8.02	98,930,968	12,144,046,177
FY14	6.90			1.11	8.01	101,659,370	12,491,549,584
FY15 ⁶	6.90			1.09	7.99	105,675,104	13,029,838,380
FY16 Budget	6.90			1.10	8.00	110,048,949	13,553,000,000

Source: Lane County Assessment & Taxation for historic information; City of Eugene Finance Division for budget year estimates.

(1) These are the typical rates applied to tax bills for a majority of the City's taxpayers, per \$1,000 of assessed taxable value. Small variances in rate calculations are due to additional variables used by Lane County for generating the rates. Totals may differ slightly from the sum of individual rates due to rounding.

(2) The permanent tax rate of \$7.0058 is adjusted each year due to urban renewal tax increment calculations.

(3) Net of gains and losses from individual extensions and compression losses.

(4) Net of urban renewal incremental value.

(5) The two-year Youth and School Levy expired and was not renewed by City Council. The four-year Local Option Property Tax Levy for Library Operations renewed at a reduced amount of \$10.8 million starting in FY08 and ending in FY11. In November 2006, voters approved \$27.5 million in General Obligation bonds for parks, athletic fields, and open space preservation. The debt tax rate starting in FY08 reflects a portion of that bond authorization.

(6) In November 2008 voters approved a \$35.9 million five-year General Obligation bond measure for street repairs. The debt tax rate starting in FY10 reflects a portion of that bond authorization. In November 2012 voters approved a new \$43 million five-year General Obligation bond measure for street repairs. The taxes to repay the new authorization started in FY15, after the 2008 street bond taxes ended.

(7) In December 2011, the City refinanced certain General Obligation bond issues in order to achieve interest rate savings.

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